

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: Chapter 11  
Case No. 22-11068 (JTD)  
FTX TRADING LTD. *et al.*,  
(Jointly Administered)  
Courtroom No. 5  
824 Market Street  
Debtors. Wilmington, Delaware 19801  
Thursday, May 4, 2023  
1:04 p.m.

TRANSCRIPT OF HEARING  
BEFORE THE HONORABLE JOHN T. DORSEY  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: Kimberly A. Brown, Esquire  
LANDIS RATH & COBB, LLP  
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Suite 1800  
Wilmington, Delaware 19801

-and-

Andrew G. Dietderich, Esquire  
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(APPEARANCES CONTINUED)

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APPEARANCES (CONTINUED):

For OKCoin and OKEx: Jeffrey S. Sabin, Esquire  
VENABLE LLP  
1270 Avenue of the Americas  
New York, New York 10020

For M7 Holdings: Lisa A. Schweitzer, Esquire  
CLEARY GOTTlieb STEEN  
& HAMILTON, LLP  
One Liberty Plaza  
New York, New York 10006

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## Agenda

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1 (Proceedings commenced at 1:04 p.m.)

2 THE CLERK: All rise.

3 THE COURT: Good afternoon, everyone. Thank you,  
4 please be seated.

5 MS. BROWN: Good afternoon, Your Honor. May I  
6 please the Court? Candice Brown from Landis Rath & Cobb,  
7 appearing on behalf of FTX Trading Ltd. and its associated  
8 debtors.

9 Your Honor, we have two matters that are on the  
10 agenda today. The first is the debtors' motion for authority  
11 to sell the LedgerX business and the second is a motion to  
12 seal certain information and schedules attached to the  
13 interest purchase agreement for the LedgerX business.

14 Unless Your Honor has any questions on the agenda,  
15 I will turn the podium over to Mr. Dietderich who will be  
16 handling the sale motion.

17 THE COURT: All right. Thank you.

18 MR. DIETDERICH: Good afternoon, Your Honor. Andy  
19 Dietderich, Sullivan & Cromwell. Thank you, Your Honor, for  
20 accommodating us today.

21 We -- the objection deadline for the matters was  
22 the hearing today, but we're not aware of any objections, so  
23 I'm going to proceed and then others, I guess, can speak if  
24 they have an objection.

25 So, Your Honor, we have the first matter, which is

1 the motion to approval the sale to LedgerX -- the sale of  
2 LedgerX. The evidentiary record for this, Your Honor, is  
3 four declarations and I'd like to move those into evidence  
4 now. The first is the declaration of John J. Ray at  
5 Docket 1343. The second is the declaration of Bruce  
6 Mendelsohn at Docket 1344. The third is the declaration of  
7 Thomas Gallagher at Docket 1345. And the fourth is the  
8 supplemental declaration of Mr. Mendelsohn we put in last  
9 night at Docket 1414.

10 THE COURT: Okay. Is there any objection?

11 MR. SABIN: Good afternoon, Your Honor. Jeff  
12 Sabin from Venable as counsel for OKC USA Holding, Inc., a  
13 qualified bidder, and its affiliates.

14 We have no objection to entry of the evidence. We  
15 also appear, first and foremost, to make clear to this Court  
16 and everybody here that the OKC entities do not and will not  
17 object to the proposed sale. They will not object to entry  
18 of the proposed sale order and they will take no action that  
19 otherwise objects to or interferes with closing of the  
20 transactions contemplated by the proposed sale.

21 However, I feel constrained, Your Honor, to tell  
22 you and to make a statement to everyone who's listening and  
23 to those in court that the OKC entities reserve all of their  
24 rights to seek appropriate relief relating to certain  
25 statements made in Mr. Mendelsohn's supplemental declaration,

1 Docket 1414, late last night, concerning what they believe  
2 are misleading and/or simply untrue statements concerning  
3 regulatory matters related to the OKC entities.

4 Those statements, in particular, those in  
5 paragraph 12 of Mr. Mendelsohn's supplemental declaration, we  
6 believe are simply not true, as the OK entities at all times,  
7 and in each of their submitted bids, made clear their  
8 obligations and their willingness to comply with any CFTC or  
9 other governmental requirements and to provide information  
10 and to cooperate in connection therewith.

11 So, with that, Your Honor, I hope this proceeding  
12 otherwise goes quickly. I hope the sale is approved and we  
13 simply reserve our rights and made clear why we did so.  
14 Thank you.

15 THE COURT: Okay. Thank you, Mr. Sabin.

16 Anyone else have an objection to the entry of the  
17 declarations into evidence?

18 (No verbal response)

19 THE COURT: All right. The declarations are  
20 admitted, without objection.

21 (Ray Declaration received in evidence)

22 (Mendelsohn Declaration received in evidence)

23 (Gallagher Declaration received in evidence)

24 (Mendelsohn Supplemental Declaration received in  
25 evidence)

1 MR. DIETDERICH: Thank you, Your Honor.

2 Your Honor, we also have a proffer that the U.S.  
3 Trustee has requested of the buyer and I think Ms. Schweitzer  
4 is going to address that proffer.

5 THE COURT: All right. Ms. Schweitzer?

6 MS. SCHWEITZER: Good afternoon, Your Honor. My  
7 name is Lisa Schweitzer from Cleary Gottlieb. I'm counsel to  
8 M7 Holdings LLC, which is the proposed buyer of the LedgerX  
9 assets and I'm here to provide the following proffer at the  
10 request of the United States Trustee's Office.

11 I'm proffering, as follows, on behalf of Mr. Tom  
12 Gallagher, who's the chairman and CEO of M7 Holdings, LLC and  
13 who Your Honor saw put a declaration into evidence in the  
14 court. The proffer is that if called to stand Mr. Gallagher  
15 would testify:

16 The buyer would not have entered into the purchase  
17 agreement if the sale of the LedgerX business were not made  
18 free and clear of any successor liability of buyer and,  
19 further, the buyer would not have entered into the purchase  
20 agreement if the sale of the LedgerX business did not include  
21 the sale and conveyance of the acquired claims and the  
22 coverage claims by the debtors.

23 That's the end of the proffer.

24 THE COURT: Okay. Thank you.

25 Is there any objection to the entry of the proffer

1 into the record?

2 (No verbal response)

3 THE COURT: It's admitted, without objection.

4 MS. SCHWEITZER: Thank you, Your Honor.

5 MR. DIETDERICH: Thank you, Ms. Schweitzer.

6 Your Honor, Andy Dietderich for the record. Your  
7 Honor, I'd like to give you an opportunity if you'd like to  
8 ask any questions you have about the sale contract or the  
9 order or anything else, but I think that's the rest of our  
10 business.

11 THE COURT: No, I've read the papers. I'm  
12 satisfied. I read all the declarations, as well, so --

13 MR. DIETDERICH: Okay. Excellent.

14 Well, Your Honor, then, I'd like to move for  
15 approval of the order.

16 THE COURT: Okay. Does anyone wish to be heard?

17 (No verbal response)

18 THE COURT: All right. I'm satisfied the entry of  
19 the order is appropriate and I will enter the order.

20 MR. DIETDERICH: Thank you, Your Honor.

21 The second item on the docket today is the sealing  
22 order. I think we'd like to move for entry of that, as well.

23 THE COURT: Okay. Does anyone wish to be heard on  
24 the seal order?

25 (No verbal response)



1 THE COURT: Okay. I'm satisfied the requested  
2 relief is appropriate, as well, and I will enter that order.

3 MR. DIETDERICH: Thank you, Your Honor.

4 That's all we have for today.

5 THE COURT: Well, that was easy.

6 (Laughter)

7 MR. DIETDERICH: It won't always be so, we should  
8 enjoy it.

9 THE COURT: Yes, absolutely.

10 All right. Well, thank you all very much. We are  
11 adjourned.

12 COUNSEL: Thank you, Your Honor.

13 (Proceedings concluded at 1:10 p.m.)

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter to the best of my knowledge and ability.

/s/ William J. Garling

May 4, 2023

William J. Garling, CET-543

Certified Court Transcriptionist

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